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25 May 1966

No. 0825/66

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## INTELLIGENCE MEMORANDUM

RELATIONSHIP OF US STAND IN SOUTH VIETNAM  
TO STABILITY OF SOUTHEAST ASIA

DIRECTORATE OF INTELLIGENCE

ARMY and DOS review(s) completed.

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No. 0825/66

CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
25 May 1966

INTELLIGENCE MEMORANDUM\*

Relationship of US Stand in South Vietnam  
to Stability of Southeast Asia

SUMMARY

Throughout Southeast Asia, there is awareness of Chinese power and apprehension concerning China's drive to expand its influence through subversion or through direct military or political pressures. The relationship between stability in Southeast Asia and the US stand in South Vietnam against Communism, and indirectly against Communist China, varies considerably. The US determination to remain in South Vietnam in force is a major factor affecting stability in Laos and Thailand, but has little or no direct effect in Burma and Indonesia. Cambodia, Malaysia, Singapore, and the Philippines fall in a middle category.

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\*Prepared by the Office of Current Intelligence

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1. One of the major factors contributing to the relative stability which has prevailed in Laos since the 1962 Geneva Agreement has been US policy in Vietnam. This stability seems the result chiefly of the reduction in North Vietnamese pressure in Laos which has occurred as Hanoi has become preoccupied with the military situation in the south.

2. The North Vietnamese apparently believe that provocation of a major military conflict in Laos at this time would involve direct fighting between US and North Vietnamese troops which would overstrain their already hard-pressed resources. Moreover, Hanoi has what it wants in Laos at present; that is, control over the vital infiltration corridor to South Vietnam.

3. As a result of a four-year period of reduced pressure, the anti-Communist forces in Laos have consolidated their military position. US military observers believe that the Royal Laotian Army is a somewhat better organized, more effective fighting force than it was four years ago.

4. There is, of course, a constant danger that political bickering and personal rivalries within the ranks of the anti-Communists will result in the collapse of the Souvanna Phouma government. There have been several close shaves on this score during the past four years. As long as Hanoi continues to fear provoking a major US military response in Laos, however, Communist forces are unlikely to seek to exploit political turmoil among the anti-Communists by attempting to expand their area of control significantly.

Thailand

5. The growing involvement of the US in South Vietnam has had a generally positive effect on the Thai Government's domestic and international anti-Communist policies. The evidence of US resolve in Southeast Asia has reassured Bangkok of the wisdom of its pro-US policy and has motivated the Thais to assume a larger role in the prosecution of the war in South Vietnam.

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6. As the firmest US ally in Southeast Asia since the end of World War II, Thailand has based its commitment to the objectives of US policy on both ideological and practical grounds. Thai foreign policy, however, has always been sensitive to political realities, and Bangkok has persistently questioned its close association with the US in terms of the value of this association in meeting the Communist challenge. Prompted by what Thai leaders have viewed as evidence of US vacillation and irresolution, these lingering doubts have occasionally grown to a point where a full-scale reassessment of Thai foreign policy has seemed imminent. Such a period would almost certainly have followed evidence of a lack of US resolution in South Vietnam.

7. In late 1964, the Communists stepped up their terrorism and political subversion in northeast Thailand, hoping in part to frighten Bangkok into assuming a more neutral role with respect to the war in South Vietnam. Although the Communists have made some gains in their guerrilla campaign, their action has served to alert Bangkok to the dangers in the countryside and has prodded the Thais into an even closer relationship with the US. Instead of fear and apprehension, the Thai leadership has demonstrated confidence that, in conjunction with the US, it can handle the long-term Communist effort to subvert Thailand.

#### Cambodia

8. Cambodia has been the most stable country in Southeast Asia over the past ten years. This stability has stemmed from a combination of circumstances including the energetic, if not always wise, leadership of Prince Sihanouk. Under Sihanouk, the small internal Communist movement has been driven underground, and opposition elements of other political persuasions have been equally reduced to positions of impotence.

9. Sihanouk has also managed to keep Cambodia from being directly entangled in the South Vietnam war. This has been a major factor in the maintenance of his almost unquestioned position in Cambodia.

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For several years, he has skillfully played off one side against the other in Vietnam while carefully steering a middle course and preserving some room for diplomatic maneuver. He has been able to play this delicate game adroitly principally because the US has forestalled a Communist victory in South Vietnam.

10. Although no friend of the US, Sihanouk has on several occasions stated his belief that without the US presence, South Vietnam would soon fall into Communist hands. Moreover, he has also said quite explicitly that a united Vietnam under Communist hegemony would pose the gravest threat to the continuing stability of his non-Communist government.

#### Malaysia

11. Malaysia strongly supports the American position on Vietnam. This support is partly based on apprehension that without the US presence, Malaysia's internal stability would suffer. Although the Malaysian Government strives to promote itself as a neutral, nonaligned Afro-Asian state, it is actually anti-Communist and pro-West. Thinking on the Vietnam question appears to be strongly influenced by the domino theory and particularly by the fear that if South Vietnam should fall or even falter before Communism, Communist pressure on Thailand--Malaysia's neighbor to the north--would escalate.

12. Prime Minister Abdul Rahman and other Malaysian officials have repeatedly and publicly stated that they approve the American presence in Vietnam, that Malaysia would assist if it did not have problems of its own (Indonesia's confrontation of Malaysia), and that it is essential that the US remain there.

13. Thinking on Vietnam is closely tied to the domestic problem posed by the presence of Malaysia's large indigenous Chinese population. The Malaysian Government is controlled by the majority ethnic group, the Malays, who fear the possibility of being economically and politically overwhelmed by the more energetic resident Chinese. In mainland

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Malaysia, the Chinese account for 37 percent of the population. Singapore--which Malaysia forced out of the federation in mid-1965--is largely a Chinese city with the Chinese population accounting for 75 percent of the total. The Malaysian states in Borneo--Sarawak and Sabah--also have large Chinese minorities, 31 percent and 23 percent respectively. These Chinese pose not only ethnic and economic problems to the Malay majority, but they also present the prospect of potential political identification with Communist China. The Malaysian Government believes that the American effort in Vietnam helps to hold the line against Communist China and hence against its appeal to Malaysia's and Singapore's Chinese.

#### Singapore

14. The Singapore Government, which administers a population composed largely of Overseas Chinese, strives to appear nonaligned, but it is aware of the threat of Communist China in Southeast Asia, and Prime Minister Lee Kuan Yew has so stated both publicly and privately. For reasons of domestic politics, Lee does not publicly take a specifically positive line on US presence in Vietnam, but he believes that it is essential that the US remain there. Lee believes in the domino theory, and feels that if the US withdraws from Southeast Asia, the entire area will fall.

15. As much as a year ago, Lee Kuan Yew stated at the Asian Socialist Conference in Bombay that South Vietnam must not be forced into Communism by armed might or organized terror, that it must have the right of self-determination. He said that if the Communists are able to envelop South Vietnam, it would be only a matter of time before they would take over neighboring countries.

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16. Lee's present position shows no change. During a visit this month to Sweden, in both public and private interviews, he again called attention to the danger to Southeast Asia implicit in the Chinese power role. Lee's public relations man told a US official that although Lee cannot say so publicly, in private he emphasizes that the United States must stay in Vietnam. At the same time, however, Lee feels that the US should not escalate the dispute and must find a way to the negotiating table.

17. Domestically, Lee argues that it would be a mistake to tie predominantly Chinese Singapore to the fortunes of mainland China as his pro-Communist opposition desires. He maintains that since the US will continue to hold the balance of power in Asia, the Overseas Chinese of Singapore and Malaysia--as well as elsewhere in Southeast Asia--should develop an identity separate from the mainland and stake out their own future. A US withdrawal from Vietnam would no doubt weaken this argument and strengthen Lee's pro-Peking, pro-Communist opposition. Such an event could force Lee to move toward a "pro-Peking neutralism" or conceivably even toward alignment with Peking.

18. Had the United States not shown its determination to continue its stand in South Vietnam, the appeal of Lee's pro-Communist opposition for the largely Chinese population might have increased significantly. Despite the probability that Britain's presence at its Singapore base will continue, Lee might have been pushed toward some accommodation with Peking.

#### Philippines

19. Philippine stability is directly affected by general confidence in US strength and presence in Southeast Asia, in particular Vietnam. Both the Philippine leadership and the public think of their country as basically protected by the US-Philippine bilateral defense treaty of 1951.

20. The Philippine administration supports the US stand in Vietnam and is aware of its implications

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for Philippine security. The Philippines plans to expand its contribution to the anti-Communist effort in South Vietnam by sending in an engineer battalion with security elements within the next three or four months. Hitherto it has maintained only a civic action team there. In supporting this expanded Philippine effort, President Marcos stated publicly on 20 March that the Vietnam aid bill was part of the greater defense plans of the Philippines, "which must depend on collective security for its survival."

21. Had the United States not shown its determination to stay in Vietnam, neutralist elements and inclinations in the Philippines might well have been strengthened. The effect probably would have expanded into the socioeconomic realm, where potential unrest is of increasing concern to the government.

Burma:

22. Burmese stability can be attributed largely to the strong leadership of General Ne Win, who exercises rigid internal controls and pursues a nonaligned foreign policy. His pursuit of neutralism, however, is possible mainly because the United States serves as a counterpoise to Communist pressures in Southeast Asia, particularly in Vietnam.

23. Moreover, as long as the Communist effort in Vietnam is blunted, Ne Win can devote more attention and a greater portion of Burma's resources to the fulfillment of pressing socioeconomic needs. In the absence of the United States presence as a countervailing force, Burma would be obliged to pay far greater deference to Peking's desires, to subordinate Burma's national interests to those of its more powerful neighbor, and to acknowledge Peking's hegemony. Even under present circumstances, there are times when Ne Win is compelled to assume a more accommodating posture toward Communist China than he would wish, because of that country's military might and common border with Burma.

24. Recently, in one of his more candid moments, Ne Win indirectly expressed his appreciation

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for the American presence in Vietnam and an awareness of the problems posed for the United States by the confused political situation which prevails there. After wondering how it would be possible to hold meaningful elections in a country torn by war, he warned that Buddhist leaders should be more cautious since they would be no match for the Communists.

#### Indonesia

25. There is no direct relationship between the US stand in Vietnam and internal stability in Indonesia. The changed political atmosphere in Indonesia since 1 October evolved from a complex and long-standing domestic political situation. The present emphasis on reversing Indonesia's pro-Communist, pro-Chinese orientation and returning to a nonaligned foreign policy and an anti-Communist government is based on the long-held convictions of majority political elements. Present stability is based on the power of the politically conscious Indonesian Army and on the consensus of 50 to 70 percent of the population and leadership that Communism is alien to Indonesian life and political goals.

26. Present top leadership is in the process of recasting Indonesian foreign policy. To this end, both public and private comments on the American stand in Vietnam are beginning to reflect a sympathetic approach compared with the absolutely negative one which prevailed under Sukarno. Last month, Foreign Minister Adam Malik was quoted as telling a newsman that he was "grateful for the US position and effort in Vietnam" and "hoped that the US could bring the problem to a successful conclusion." More recently he stated somewhat equivocally that the "US presence is necessary in Vietnam" but that if South Vietnamese political factions should "stick together, they would be strong enough to resist Communists without the Americans."

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27. The anti-Peking posture of the army and many civilian elements conceivably may have been strengthened by the US stand in Vietnam. However, there has long been antipathy to ethnic Chinese and to Chinese economic influence in Indonesia, and the motivations for recent anti-Chinese actions are deeply rooted in Indonesia's past.

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25 May 1966

**MEMORANDUM FOR:** The Honorable Bill Moyers  
Special Assistant to the  
President  
The White House

**SUBJECT :** Relationship of US Stand  
in South Vietnam to  
Stability of Southeast  
Asia

The attached memorandum responds to a question which the President addressed to Admiral Raborn 10 May apropos of Ambassador Lodge's remark that the US stand in South Vietnam had helped make possible the anti-Sukarno coup in Indonesia. We feel that other factors were predominant in the Indonesian developments, but we do find a direct relationship between US firmness in South Vietnam and the relative stability observable in some of the other Southeast Asian countries.

/s/ R. J. Smith

**R. J. SMITH**  
Deputy Director for Intelligence

**Attachment**  
Memo No. 0825/66

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